

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 TRSE-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01

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R 171122Z SEP 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3495

INFO AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: EINV, ELAB, TH

SUBJ: FORD (THAILAND) TO CEASE OPERATIONS

REF: BANGKOK 25600

1. T.G. WILLIAMSON, MANAGING DIRECTOR, FORD MOTOR COMPANY (THAILAND), INFORMED EMBASSY SEPT 14 THAT HIS FIRM WILL CEASE MANUFACTURING OPERATIONS IN THAILAND SEPT 24. FORD WILL ALSO CANCEL ALL EXISTING DEALER CONTRACTS AND GRANT ANGLO-THAI MOTORS AN EXCLUSIVE FRANCHISE IN THAILAND SIMILAR TO THE ARRANGEMENTS THEY HAD PRIOR TO 1970. AT WILLIAMSON'S REQUEST, EMBASSY SECURED APPOINTMENT FOR HIM TO BRIEF MINISTER OF INDUSTRY ON SEPTEMBER 20.

2. FORD IS ONE OF 17 FIRMS ASSEMBLING MOTOR VEHICLES IN THAILAND AND HAS 500 EMPLOYEES AND A PRODUCTION CAPACITY OF 10 AUTOS PER DAY; IT HAS BEEN PRODUCING ONLY SEVEN AUTOS PER DAY. WILLIAMSON STATED THAT SINCE THE ESTABLISHMENT OF THE ASSEMBLY PLANT IN 1970 THE COMPANY HAS EXPANDED ITS DEALERSHIPS AND ITS PARTS DISTRIBUTION FACILITIES. HE STRESSED THAT THE OPERATIONS

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HAS CONSISTENTLY LOST SUBSTANTIAL SUMS AND FORD'S DECISION TO CLOSE

IS BASED PURELY ON ECONOMICS. HE IS AWARE, HOWEVER, THAT OTHERS MAY VIEW FORD DECISION AS POLITICAL JUDGMENT FLOWING FROM SHAKY INVESTMENT CLIMATE. WILLIAMSON ANTICIPATES HOSTILE PRESS REACTION TO FORD'S MOVE WHICH WILL RESULT IN DISCHARGE AND DISPLACEMENT OF ABOUT 500 EMPLOYEES.

3. WE HAVE URGED WILLIAMSON TO PREPARE PRESS RELEASE WHICH SETS FORTH DETAILS OF FORD'S INVESTMENT AND OPERATING LOSSES IN THAILAND. WE HAVE ALSO URGED HIM TO CONSULT WITH PAN AMERICAN OFFICIALS WHO HAVE HAD CONSIDERABLE EXPERIENCE IN DISCHARGING THAI EMPLOYEES. COMPANY WILL, OF COURSE, ABIDE BY PROVISIONS OF THAI LABOR LAW REGARDING RIGHTS OF DISCHARGED WORKERS.

4. WE ANTICIPATE CONSIDERABLE PRESS REACTION WHEN NEWS OF FORD CLOSURE IS RELEASED, AND ASSUME THAI PRESS WILL LINK THIS MOVE TO RECENT PUBLISHED CRITICISM OF RTG BUSINESS POLICIES BY PRESIDENT OF AMERICAN CHAMBER OF COMMERCE (REFTEL) AND THE MUCH DISCUSSED "POOR INVESTMENT CLIMATE OF THAILAND."

5. RTG WILL IN ALL LIKELIHOOD SEEK TO PRESSURE FORD INTO CONTINUING ITS OPERATIONS HERE. IN THAT REGARD, WE UNDERSTAND THAT LEONARD WOODCOCK, PRESIDENT OF UNITED AUTO WORKERS, PERSUADED FORD TO CONTINUE OPERATING PLANT IT SOUGHT TO CLOSE IN PORTUGAL, PLEADING NEED TO PROVIDE JOBS IN "BUDDING DEMOCRACY."
BURKE

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